SPINDLER'S APPLE

It's in shape again. But it needs big market gains to keep up

LISA QUINONES/BLACK STAR

In the black expanse of the theater in the Las Vegas Aladdin hotel, a single spotlight beats down on Michael H. Spindler, the new CEO of beleaguered Apple Computer Inc. It's the annual rah-rah rites for 2,000 sales reps. But this time it's different. It's October, 1993: do-or-die time.

The barrel-chested executive paces the stage as he assures the troops things are getting better. In the past five months, they have lived through a precipitous falloff in Macintosh sales, the ouster of CEO John Sculley, massive layoffs, and a mind-numbing, $188 million quarterly loss. But, says Spindler, the worst is over. He whizzes through plans to replace Apple's willy-nilly ways with more accountability, and he urges his audience to be aggressive, shouting: "This is not a lame-duck company!"

Then, he closes with what he warns will be "very personal." When the board offered him the CEO job on June 17, he says, he was given 15 minutes to decide. The easy way, he says, would have been to say: Thanks but no thanks. "I could see myself being a grandfather sitting with a grandchild on my lap in a tomato field saying: 'I didn't have to be CEO,'" says the 51-year-old executive. Suddenly, his eyes tear up. His voice wavers, and he delivers a last sentence, his fist raised to the roof. "The reason why I made this 15-minute decision is: We can win this!"

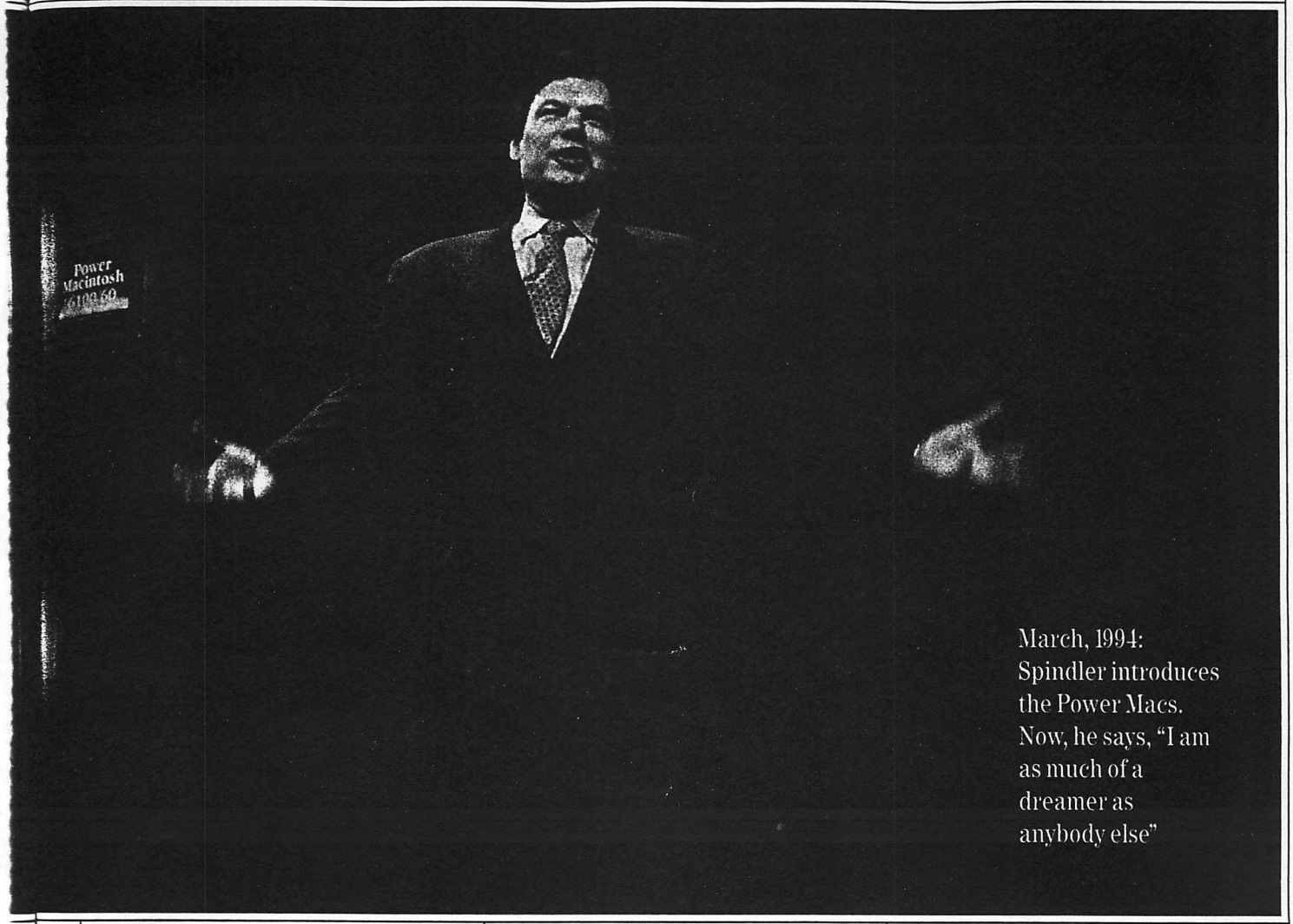
> "This is not a debating society"

It was a startling moment. Here was the no-nonsense German pragmatist, known as the Diesel for his hard-charging business style, exposing a whole different side of his personality. Spindler, after all, was the man who, in rapid-fire but heavily accented English, had always insisted that his managers stick to the facts, lay off the hyperbole, and back up their plans with numbers, analysis, and objectives—and stop "SWAG-ing," his shorthand for "scientific wild-assed guessing."

Here he was, emotionally naked before his troops. Gone, for a moment, was the CEO on a turnaround mission. Revealed was what few Apple employees had ever seen: an elemental passion for Apple, the kind that co-founder Steven P. Jobs always wore on his sleeve—the kind, as Apple veterans wistfully recall, that was the very source of the company's former glory.

In the year since that night in Las Vegas, there hasn't been much outside evidence of the passionate Spindler. He disdains public showboating, shuns the press, and steadfastly guards the privacy of his Atherton (Calif.) home life with his French wife and three children.

But Spindler the fixer has been everywhere. He has slashed costs, rationalized product lines, successfully launched the first all-new Macintoshes in a decade



March, 1994: Spindler introduces the Power Macs. Now, he says, "I am as much of a dreamer as anybody else"

and even repaired Apple's image after its humiliating experience with the overhyped but disappointing Newton handheld computer. He has new procedures for everything from getting a product approved to running a board meeting. And Apple now matches its peers on cost and efficiency. Quarterly earnings are approaching pre-crisis levels, and Apple's stock is finally out of the basement, trading around $35. That's up from its 52-week low of $22 but a long way from the high of $69 some 18 months ago. For the year ending Sept. 30, it is expected to report a 13% revenue gain and earnings double 1993 levels. "Apple is certainly on the uptick, near term," says analyst Bruce Lupatkin of Hambrecht & Quist Inc. "But longer term, there are real issues here."

MARGINALIZED. The central issue: getting enough market share to ensure that Apple does not become a marginal—and therefore endangered—player in the PC game. For years, Apple's share of the world market has wavered in the 10%-to-14% range—lately closer to 10%. And despite Spindler's fixes, the most recent trends point in the wrong direction.

Apple's share of the U. S. market, for example, dropped from 14.2% last year to 10.8% in the first half of this year, according to market researcher Dataquest Inc. In the red-hot home-computer market—long a Mac stronghold—Apple is in danger of losing the lead to Compaq Computer Corp. or Packard Bell. And in overall sales, Compaq is expected to dislodge Apple as the world's No. 2, behind IBM. For the 12 months ending Dec. 31, Hambrecht & Quist figures the Houston PC maker will hit $10.5 billion, vs. Apple's $9.4 billion.

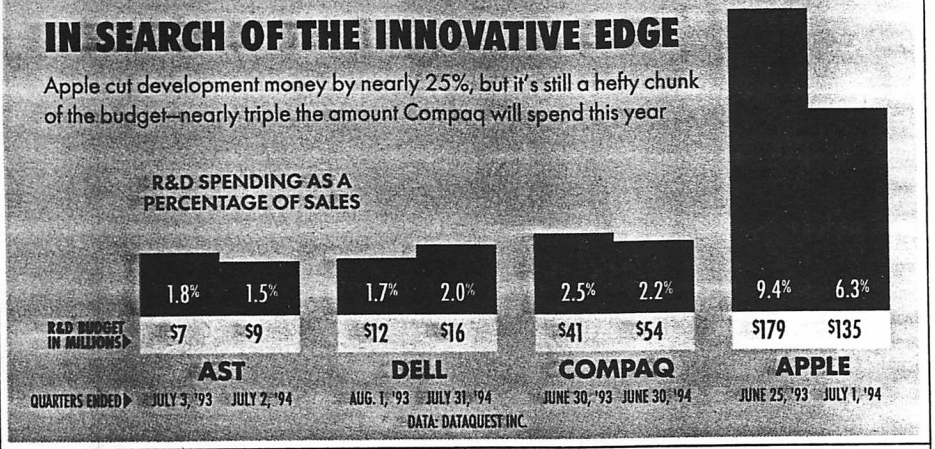
> "Pick up a shovel, or get out of the way"

That slippage could spell trouble. Without sufficient market share, Apple machines will not attract the software to spur future sales. The most disturbing sign so far: During the second quarter, sales of applications programs for computers running Microsoft Corp.'s Windows software grew 55.2%, to $1.05 billion, while sales of Mac applications rose 9.5%, to $276 million, according to the Software Publishers Assn. In a market that grew 16.2%, Apple fell behind. And where software leads, hardware follows.

It will take all of Spindler's passion and smarts to reverse this situation. Around Apple's Cupertino (Calif.) campus, Spindler's executives talk of a simple formula: Double the worldwide market share for the Macintosh "platform"—Apple machines and clones—to 20% within five years. The first five points will come from upping Apple's output, to gain 1% of share in each of the next five years, says Ian W. Diery, executive vice-president and general manager of the Personal Computer Div. The rest is

IN SEARCH OF THE INNOVATIVE EDGE

Apple cut development money by nearly 25%, but it's still a hefty chunk of the budget—nearly triple the amount Compaq will spend this year



DATA: DATAQUEST INC.

expected to come from the first-ever Mac clones.

Can it be done? Analysts say Apple has a shot at rebounding to its 14% peak—if it can stay on top where it's strong, while aggressively expanding where it's not. It's biggest lead is in education, where it reigns with a 28% share (charts). But that's only a small sliver of the industry. Apple's next-best market is home PCs, and that's where the potential is greatest. The home market is expected to double in four years. So if Apple can hold its own against surging rivals, it will automatically boost its worldwide market share. Apple's biggest weakness remains in the biggest market: Macs account for just 5.8% of sales to businesses (page 94).

NO ROOM FOR ERROR. Even if it succeeds in all these markets, Apple still has to build a huge clone business to hit the magic 20% goal. Starting from zero now, Apple will have to bring forth an industry with annual revenues in the neighborhood of $6 billion five years from now. This is the longest long shot in Apple's strategy. While the company spent years debating internally the idea of licensing to clonemakers, the Microsoft Windows juggernaut swept the industry. Apple finally outlined its licensing plan in mid-September, but in trying to protect its own revenues may wind up without the licensees who could sell the most Macs. Leading PC makers already have passed on the offer, leaving Apple's best hopes in Asia, where Windows doesn't yet dominate. "Apple can go toe-to-toe with Windows in Asia," says Michael K. Kwatinetz of PaineWebber. "That battle isn't over."

> "Don't throw technology over the wall"

All in all, Apple has set a hugely ambitious course. And this time, even the most gung-ho insiders concede, any recurrence of the sudden fumbles that have dogged Apple in the past could be fatal. Says Chief Financial Officer Joseph A. Graziano: "We don't have any room for error in any respect."

That's for sure. The Power Macs, based on the speedy Motorola-IBM PowerPC chip, have given Apple hardware that can match the best in price and performance. But Apple's easy-to-use software—what made it a standout in 1984—isn't so special now. Microsoft Corp.'s Mac-aping Windows has more than 80% of the market. And its Windows95, due next spring, is shaping up to be an "Apple killer." Says a former Apple executive: "I have always been an Apple zealot. But after seeing [Windows 95], I can't be one any more. What have they got going for them? I don't get it."

One answer is Spindler. In his 15-month tenure in the top job, he has used his leadership to get the notoriously scattered Apple culture to focus on goals—and achieve them. With the new Power Macs, for example, he has steered the company through the first stages of a tricky transition to a new hardware "architecture." Sales took off, then stalled, and are now steady—putting Apple on track for reaching its goal: 1 million Power Macs in the first 12 months. "He's the right man at the right time," says Apple director Bernard Goldstein. "Michael is a superb hands-on administrator."

By the time he made his fateful 15-minute decision last summer, he had proved that many times over during his 13-year climb at Apple. Recruited from Intel Corp. in 1980, Spindler rose through various sales jobs to become head of Apple's European business in 1987. Within two years, he had doubled sales. Brought to Cupertino as chief operating officer in 1990, Spindler quickly masterminded Apple's first foray into low-cost computers, the Mac Classics.

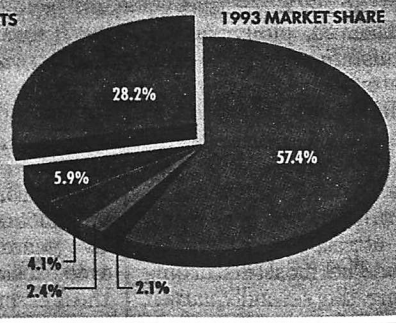
Today, Spindler has left his mark on every nook and cranny of Apple. He started by laying off 2,500 workers, can-

THE MAC IS STILL TEACHER'S PET...

Despite an assault by IBM and Compaq on the education market, the Apple brand still retains a commanding lead.

WORLDWIDE EDUCATION PC MARKET

COMPANY	UNIT SHIPMENTS THOUSANDS
APPLE	751.4
IBM	156.1
COMPAQ	108.1
ACORN (OLIVETTI)	63.8
NEC	55.8
OTHERS	1,528.4
TOTAL	2,663.6



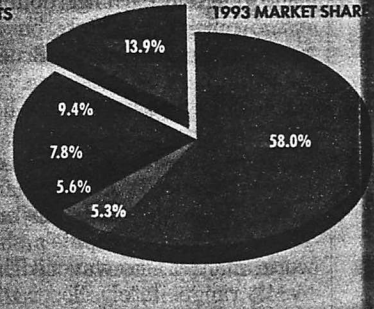
DATA: DATAQUEST INC.

...AND THE TOP BRAND AT HOME...

Competitors, particularly Compaq and Packard Bell, are closing in on Apple's lead in 1994, but consumers still like Apple.

WORLDWIDE HOME PC MARKET

COMPANY	UNIT SHIPMENTS THOUSANDS
APPLE	1,385.9
PACKARD BELL	935.1
IBM	771.1
NEC	557.9
COMMODORE	527.4
OTHERS	5,776.6
TOTAL	9,954.0



DATA: DATAQUEST INC.

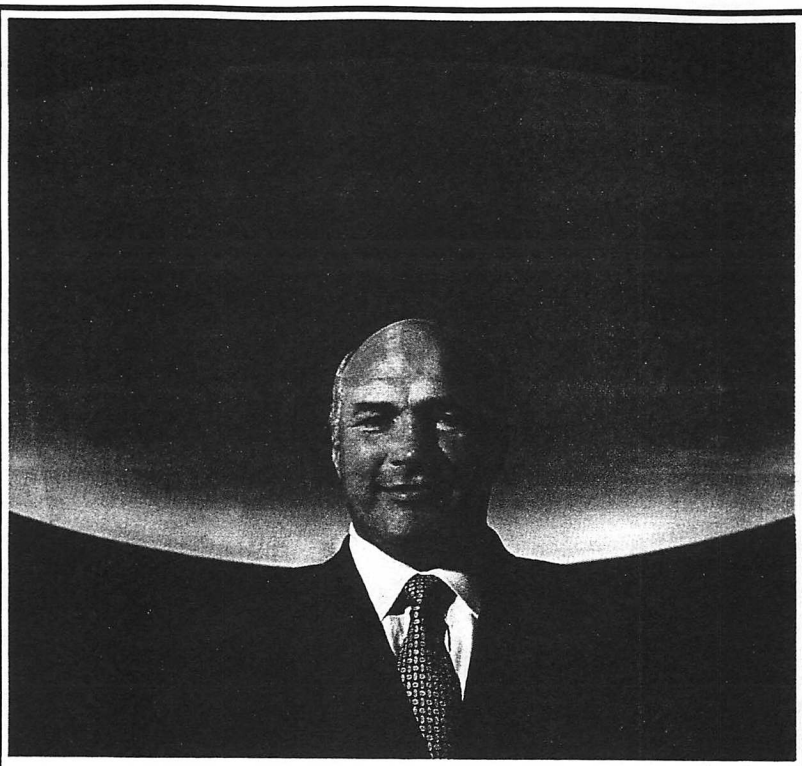
[TOP TO BOTTOM] CHARTS BY RAY VELLA/BW; ALAN BASEDEN

ning blue-sky projects, shaving research and development costs by more than $100 million a year, freezing executive salaries, and even taking the knife to sacred perks—the day-care and fitness centers. Gone too, are $100,000 funds for impromptu "creative projects." In short, Apple has finally gotten serious. "Mike knows Apple is still vulnerable and not out of the woods," says public-relations guru Regis McKenna, a friend of Spindler's and Apple's original image-maker. "He has come in with the view this is a cold, hard, cruel world, and there are no guarantees."

Now Apple has a business model that lets it compete head-on with the likes of Compaq and Dell Computer Corp. Apple matches them on price and can turn profits on gross margins of 26%, down from 40% just 18 months ago.

Still, simply keeping up will eventually mean falling behind for Apple. Why? Because Apple, unlike its PC competitors, must fund development of its own software, a costly proposition. Even after slashing R&D budgets, Apple spends two to eight times what Compaq and Dell shell out for research and development (chart). But Spindler can't afford to stint: His only hope in achieving his market-share goals is to restore the kind of differentiation between the Mac and the competition that generated such excitement a decade ago—and enabled Apple to charge prices that could support its lavish R&D machine.

An engineer by training, Spindler is a self-confessed "techie." But he's not likely to become Apple's third CEO/techno-philosopher-in-residence. The headquarters long ago was dubbed the Crystal Palace for the lofty visions spun there. Jobs was the first dream maker, who talked of "insanely great" products. Sculley started as a marketing whiz, but became a self-styled techno-visionary, too.



Window of opportunity: Diery sees a "Wintel rupture" coming

NERDS OF A FEATHER. Vision is out of style—at least this season. "It's easy to have lots of vision with 50% gross margins," says Michael Mace, Apple's manager of competitive analysis. With 26% margins, substance is vital. "With Mike, you get a lot of steak. You're not getting a lot of sizzle," says Floyd E. Kvamme, a venture capitalist who was once Spindler's boss at Apple. "There's a lot of steak, though."

Which is fine with the T-shirt and tennis-shoe crowd that develops Apple's technology. "With Spindler, it's like talking with another nerd. He gets it," says Steve P. Capps, an Apple Fellow, a top engineering designation. "I think we had too much vision with Sculley—all those speeches and trillion-dollar markets."

Throughout Apple, Spindler keeps the focus on the next few critical years, not the distant future. At staff meetings, he can be seen at the whiteboard, scrawling his strategies in step-by-step charts, diagrams, and outlines. "Rembrandts—they're so well thought out," says one executive. Spindler's old nickname, Diesel, has given way to a new one: the Firehose. "It is a workout to be in a meeting with that man," says Mace. "He goes a mile a minute, and the ideas pour out of him."

Spindler didn't just start spouting ideas, either. Insiders say he was the first to warn that the Mac was running out of steam and insisted that Apple switch to the PowerPC architecture. He was the first to broach the idea of teaming up with IBM in what became a far-ranging partnership. Says former IBM President Jack Kuehler, who spent months in 1991 negotiating that deal with Spindler: "He can be creative or pragmatic. I don't think the world has given him that credit." Just try to pigeonhole Spindler as simply a deft manager, and he erupts: "Meat and potatoes and nuts and bolts. Bull . . . .!" he says, pounding the small, round table

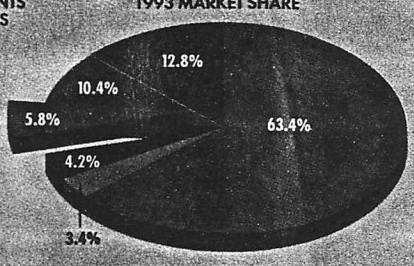
...BUT BUSINESS REMAINS INDIFFERENT...

Consumers may be hip to Apple, but business executives just don't get it. Corporate information officers prefer the IBM PC standard.

WORLDWIDE BUSINESS PC MARKET

COMPANY	UNIT SHIPMENTS THOUSANDS
IBM	3,012.6
COMPAQ	2,454.7
APPLE	1,372.8
NEC	983.1
DELL	821.1
OTHERS	14,900.3
TOTAL	23,544.6

1993 MARKET SHARE



DATA: DATAQUEST INC.

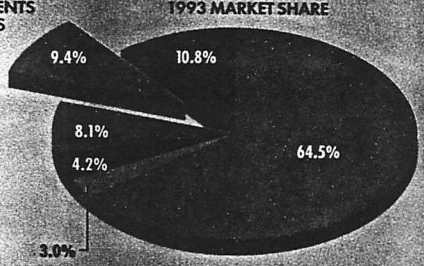
...AND APPLE IS FAR FROM ITS GOAL

To ensure its position as a major player, Apple executives say the company needs 20% of the world market—including clones. They're only halfway there.

WORLDWIDE 1993 SHIPMENTS

COMPANY	UNIT SHIPMENTS MILLIONS
IBM	4.2
APPLE	3.7
COMPAQ	3.1
NEC	1.6
DELL	1.2
OTHERS	25.0
TOTAL	38.8

1993 MARKET SHARE



DATA: DATAQUEST INC.

WILLIAM MERCER McLEOD

in his office. "I am as much of a dreamer as anybody else."

For now, however, it's the meat-and-potatoes issues that count. He has set down a simple road map—what he calls his "Strategic Front End"—for employees to follow. There are key applications for the Macintosh (publishing, learning, technical, and communications) and key markets (education, small and large business, the home). The near-term game plan calls for new models, the biggest ad blitz since the Mac launch in 1984, a sharper focus on customers, and white-hot heat to finish Copland, software that will be Apple's answer to Windows 95. Sums up Daniel Eilers, president and CEO of Claris Corp., Apple's software subsidiary: "Michael is trying to move Apple from the insanely great products company to the sanely great company."

> "Repetition does not spoil the prayer"

But is he too cautious? Take Spindler's approach to licensing. Apple started seriously debating the pros and cons of licensing Macintosh clones in 1986, but like so many debates at Apple, it led nowhere. "Apple has this culture where the vote can be 13,000 to 1 and still a tie," says Roger Heinen, a former Apple executive who is now a senior vice-president at Microsoft.

Early in his tenure, Spindler ended the debate, but it still took seven months to come up with a plan. The idea now is a "phased" approach, under which Apple will initially select three to six licensees that "complement" rather than compete with Apple in major markets. Broad licensing may not happen for another two to three years.

So far, no takers have been identified. But insiders say talks are progressing with Toshiba, Olivetti, Motorola, and Germany's Vobis Microcomputer, which together scratched out 4.6% of the PC market last year. The big prize would be IBM, which Apple continues to negotiate with. But talks have been deadlocked over IBM's demand that Apple agree to a common hardware platform for both companies' PowerPC-based machines.

Spindler says the measured approach was the only way to protect Apple's revenues and earnings. "We could shoot ourselves in the foot and put our entire business at risk," he says—the way IBM let clones overwhelm it. That's missing the point, says Aaron Goldberg, president of Computer Intelligence InfoCorp.: "They don't get it. Licensing is like pregnancy. You either do it all the way or you don't. Deep in their hearts, they think they can't compete so they don't want to license to anyone big."

"BUSINESS 101." As Spindler wrestles with ways to preserve profits while boosting the Macintosh market share, he hasn't entirely given up on Sculley's vision to take Apple into new markets. He has, however, brought it down to earth. Take Apple's Newton. A marketing and public-relations fiasco, it gobbled up $100 million in R&D costs, but still couldn't perform the handwriting recognition that was key to its usefulness. Just 90,000 units were sold in the first 10 months, way short of the 150,000 that analysts expected. But Spindler says Newton will succeed—reborn as a business tool, rather than the mass-market consumer gadget Sculley envisioned.

A HUMBLER APPLE TRIES SQUEEZING INTO PINSTRIPES

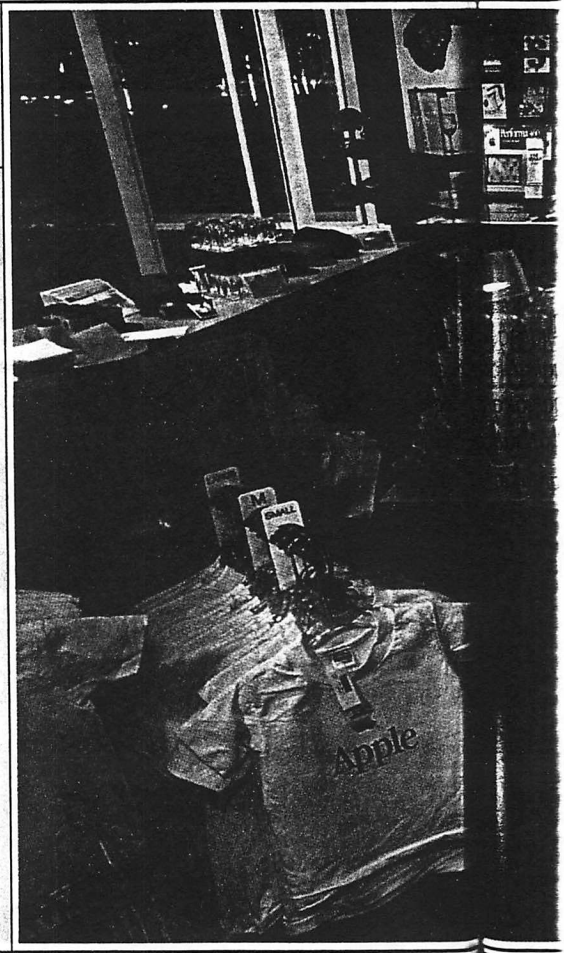
What a load of frustration. For a decade, James B. McLaughlin, director of research and development for Bergen Brunswig Corp., had been trying to get Apple Computer Inc. to sell him Macintoshes his way. When he wanted a special hardware configuration that wasn't on computer-store shelves, Apple said forget it. The company didn't cater.

Not, that is, until this year. When McLaughlin came knocking, asking for a custom Mac for the Orange (Calif.) distributor of health-care products to provide to pharmacies, Apple went on alert. A meeting with Chief Executive Officer Michael Spindler was arranged and, after a 10-minute discussion, a deal was done.

Apple would break its old rules and adapt a Macintosh created for the school market for McLaughlin's needs. Pharmacists would use these to manage their businesses and track stock and purchasing patterns. Bergen Brunswig ordered 5,000. Says McLaughlin: "Today, Apple is right in there, scrapping with the other computer companies. I don't know if there was a humbling or what, but they changed."

Humbled? You bet. Changed? Apple is working on it. When Apple's sales stalled in the summer of 1993, the company didn't just change CEOs, it completely changed its attitude. Spindler is, as he likes to say, the first CEO at Apple who started there "carrying a sales bag." Little wonder, then, that he is turning up the heat to win over business customers.

AVON CULLING. The question is, of course, whether Apple stands a chance. Yes, but it will be a hard slog. Beefing up its presence in the corporate arena is undoubtedly the toughest element in Spindler's turnaround plan. In addition to Bergen Brunswig, the company claims some recent conquests, including Booz, Allen & Hamilton, Cornish & Carey Residential, and Trisim, a Fort Worth trucker. But gaining enough converts to lift its share of the business market significantly looks iffy. Sporadic and ineffective efforts over a decade have left the Macintosh with just 5.8% of the business market, not enough to excite software writers. Now, the Mac is behind in



Spindler says he tried to delay Newton until the software was ready and to focus it on niches such as field sales. "I lost that discourse internally at the time," he says. "But I can't turn it back."

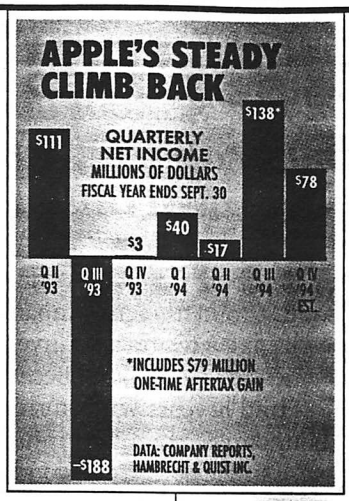
Spindler is also keeping other long-range projects alive. He says he can see a day when Apple will be into TV set-top boxes, videoconferencing, and video servers. But in a departure from the old Apple, he says he's not ready to go into detail. "I want to make it work first before we go brag about it.

There's that pragmatic streak again. The attitude is summed up in a dozen catch phrases that pepper his conversations: "Pick up a shovel, or get out of the way," or "Are you part of the problem or part of the solution?" and "Apple is not a debating society."

Nor is it a free-for-all anymore. Unlike his predecessors, Spindler is a stickler for process. He has instituted the Apple New Product Process, which requires two phases of rigorous review—concept and investigation—before any project gets the green light. Even board meetings have been overhauled. Spindler asked his staff to compare Apple's meetings with those of six "world-class" companies, including Johnson & Johnson, Coca-Cola, and Motorola. Now, at the start of each meeting, there is a "strategic framework" discussion, with charts and graphs showing changes since the group last met. Sound basic? It is. Says Kevin J. Sullivan, vice-president for human resources: "Michael, in many ways, is about Business 101."

Spindler has been teaching a special crash course to the all-important Mac division, which he felt lacked discipline and focus. All development projects have been scrutinized and priorities set. Questionable projects—what Apple execs call "electronic ashtrays"—were given the boot. The goners: Sweet Pea, a portable multimedia player; Scout, a low-end Mac using an old Motorola chip; and Bic, a larger-screen Newton. "The wrong behavior here was we just did great technology, put it in a product, and then let the customer find out whether it was or not," says Spindler.

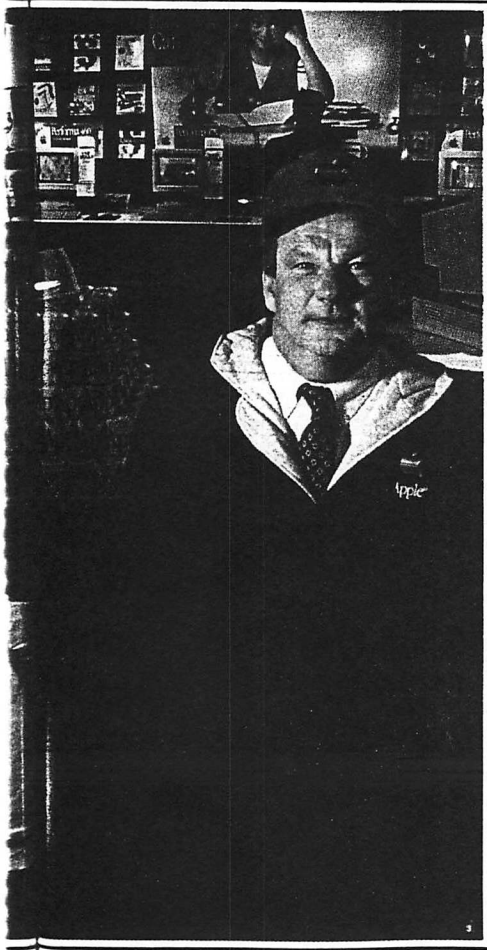
The boss also wants better work from marketing and operations staffs—in forecasting demand, tracking supplies, keeping tabs on what's selling and what's not, and keeping a vigilant eye on rivals.



Predictability in delivering and managing products is so essential that Spindler pledged to the board that 50% of his 1994 annual compensation would be pegged to getting it done right. That's no wee gesture, considering his 1993 salary and bonus of $999,087. "If it doesn't happen, I have one pocket empty," Spindler told his employees.

Leaving nothing to chance, Spindler has revived "war rooms," a system he used to launch the bargain-basement Mac Classics four years ago. Today, a conference room labeled "Imagination" is devoted to the challenge du jour. In the past year, there has been a Power Mac war room and one to drum up Power Mac software. The biggie now is the Windows 95 war room, where hardware, software, manufacturing, sales, and marketing commandos meet to plot measures to head off the enemy.

"We're starting to fire on all cylinders. This is the first time in a long time. This is heaven," says the PC division's Diery. In addition to the Power



client/server programs, a must in corporate computing. "We're using some applications that don't exist for the Mac," says Andre Razzino, a manager of PCs and networks for Avon Products Inc.

Sounds grim. But Apple isn't daunted. Its ambition: to increase its share of the $46 billion worldwide business market to 15% in the next five years. Power Macs, the first Macs in years that can compete on price and performance, are a start. On top of that, Apple is increasing its national sales force and has gotten PowerSoft and SAP to adapt their client/server software for Macs. "The good news is our momentum is building," says James J. Buckley, president of Apple USA. "We're seeing some general acceptance of Power Mac in the large account space."

It will take a tractor-trailer full of momentum—and more—to make a dent in a market that has 13 years and billions of dollars invested in software for computers using Intel Corp.'s microprocessors and Microsoft Corp.'s operating-system software. "When Corporate America looks at all the agony it would have to go through to switch, it's just not worth it," says Martin Reynolds of Computer Intelligence InfoCorp.

"Our momentum is building," says Buckley

Apple argues that it now has the products, the prices, and the attitude to make buying Macs a worthwhile choice for business. To convince buyers from top companies, it plans to bring 1,200 of them to Apple's briefing center this year to inspect the company's wares and listen to proposed solutions for their information-technology needs.

"AGE-OLD STORY." Most important, Apple is no longer asking customers to scrap all that IBM PC software. Power Macs will fit into the corporation by running the software that's already there—as well as the Mac's own programs. Today, it's done through a program called SoftWindows. It runs applications written for Microsoft Windows, although at a slower pace than programs written for the Power Mac. In November, the company will unveil "Houdini," an add-in card for Power Macs that packs an Intel 486-compatible microprocessor.

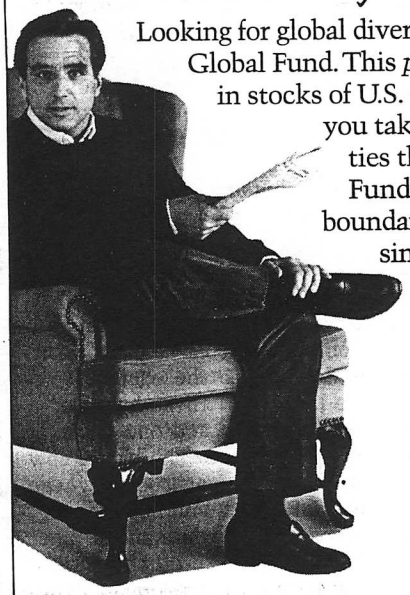
To the skeptics, it doesn't much matter what Apple says now. "Apple's push into Corporate America is an age-old story," says analyst William M. Bluestein of Forrester Research Inc. "And it's not been a good one." Apple will have to turn around a lot more customers like Bergen Brunswig before it can write a happy ending.

By Kathy Rebello in Cupertino, with Paul Eng in New York

PHOTOGRAPH BY WILLIAM MERCER MCLEOD; CHART BY ARTHUR EVES/BW

Ask About A Scudder No-Fee IRA!

"Today's global investment opportunities look especially attractive to me—that's why I own this Fund."



Looking for global diversification? Then consider Scudder Global Fund. This *pure no-load*™ Fund invests primarily in stocks of U.S. and foreign companies that can help you take advantage of investment opportunities the world over. Because Scudder Global Fund invests without respect to national boundaries, your investments aren't tied to any single country's economic climate. This approach helps reduce the risks of international investing while increasing your long-term return potential.*

Scudder Global Fund
1-800-225-2470 ext. 7661

SCUDDER
STEVENS & CLARK, INC.

Celebrating 75 years of serving investors

**International investing involves special risks, such as currency-exchange fluctuations. The Fund's share price fluctuates.* Contact Scudder Investor Services, Inc., Distributor, for the Fund's prospectus, which contains more complete information about management fees and other expenses. Please read it carefully before you invest or send money.

©1994 McGraw-Hill, Inc. BusinessWeek ©1994 Morningstar, Inc.

MUTUAL FUND SCOREBOARD

Insert into Drive A and type MFS. For Monochrome Monitors, type MFS / BW.

Compare the Performance of more than . . . 2,000 Equity and 2,000 Fixed Income Mutual Funds!

- Simple menu commands
- Operates on IBM or Compatible PC
- Updates monthly and quarterly

FOR SUBSCRIPTION INFORMATION
CALL TOLL FREE 1-800-553-3575
ASK FOR DEPT. HB41

Cover Story

Macs, there are new laptops and home models including the Performa 630, a multimedia machine starting at $1,400 that can display TV shows in an on-screen window. In October, Apple plans Performas using the PowerPC chip.

Apple's even feeling a bit of its old cockiness. Company executives now say they see their chance to undermine the powerful combination of Microsoft Windows and Intel Corp.—which Spindler lumps together as "Wintel." Diery predicts a coming "Wintel rupture," when Intel's chip design runs out of oomph and Intel is forced to switch to a pure RISC (reduced instruction-set computing) design similar to the PowerPC. When that happens, he says, Microsoft will be forced to redo Windows—potentially creating compatibility problems with existing Windows programs.

"BLUFF, BLUFF, BLUFF." Fat chance, says Microsoft. "There's no performance or price-performance reason to switch [to RISC]," says Brad A. Silverberg, a Microsoft vice-president overseeing the development of Windows 95. Apple's claim of trouble looming in the Wintel camp is nothing but whistling past the graveyard. Says Silverberg: "If there's one hand left to play, and you're dealt a pair of deuces, you're going to bluff, bluff, bluff."

For Apple's part, it says it has an ace up its sleeve: Power Macs are getting better at running Windows software—offering customers the best of both worlds. At first, this was done—slowly—with a software program. This fall, there will be an add-in card, code-named Houdini, that will literally give the Mac an Intel 486-class PC.

The computer-with-two-brains approach may appeal to consumers who want a Mac for the kids' education programs and a PC for Mom's spreadsheet. But will it prompt business customers—the key stronghold of the Wintel gang—to give the Mac a second look? Not unless the Mac starts attracting better business software. "The Mac is not a good mainstream solution because it's not the first choice for any vendors to write software for," says Pompi Malik, manager of information systems at Brewers Retail Inc., in Mississauga, Canada. And that may not change until Mac's market share rises.

Which poses the kind of Catch-22 that might prompt some executives to hang it up and head for a cozy retirement in a tomato field. For Michael Spindler, it's another challenge to overcome in the fight to preserve his beloved Apple.

By Kathy Rebello in Cupertino, Calif., with Ira Sager in New York and Richard Brandt in San Francisco